Building Pittsburgh

Urban Redevelopment Authority

REQUEST FOR REDEVELOPMENT PROPOSALS (RFP)

PITTSBURGH - HUNT ARMORY 324 EMERSON STREET

IN THE SHADYSIDE NEIGHBORHOOD OF THE CITY OF PITTSBURGH



RFP Issue Date: May 4, 2017

Proposal Due Date: Friday, June 30, 2017 at Noon ET

I. INTRODUCTION

Goal of the RFP

The Urban Redevelopment Authority of Pittsburgh (URA) is seeking redevelopers and/or redevelopment teams ("Redevelopers") for the Pittsburgh - Hunt Armory ("Site") in the Shadyside neighborhood of the City of Pittsburgh ("City"). The goal of this RFP is to select a Redeveloper who has both the ability to purchase or lease the Site and to complete a unique, economically sustainable redevelopment project that preserves the Site's historical significance. Proposals should include a reuse that is primarily recreational, but supplemental uses may be incorporated to improve the economic viability of the project. The Site is currently zoned for high density residential, but other proposed uses will be supported by the URA and City via assistance with a zoning change, variance, or special exception.

Demolition of the structure will not be permitted due to the Site's 1991 National Register of Historic Places designation, along with local historic designation in 2014. The Site is subject to a historic preservation covenant approved by the Pennsylvania Historical and Museum Commission. The Site should be maintained and preserved in accordance with the Secretary of the Interior's *Standards for the Treatment of Historic Properties*.

There is no commitment by the URA to provide subsidy for this project, including tax abatements. Proposals must take this into consideration. However, there may be federal tax incentives to a purchaser who rehabilitates the Site in compliance with applicable standards. For more information, see www.phmc.state.pa.us.

Potential Partners

The City and the Pittsburgh Penguins ("Penguins") are each willing to participate as partners in a proposal given the challenges and limitations created by the primarily recreational program desired in this RFP. Redevelopers should consider the following as opportunities to enhance the economic viability of their proposal:

- The City of Pittsburgh is open to proposals that consider City participation in the ownership structure of the redevelopment team.
- The Pittsburgh Penguins organization is willing to consider the provision of operational and programmatic assistance for an ice skating facility. Please contact Travis Williams at 412-255-1972 to further discuss.

The Redeveloper should account for total project and operating costs in their proposal, clearly delineating those incurred by either of these entities. In evaluating the economic sustainability of proposals, the URA will consider all costs – public and private.

Property Description

Address:	324 Emerson Street; Pittsburgh, PA 15206
Neighborhood:	Shadyside

Ward	7
Council District:	8
Councilperson:	Councilman Dan Gilman
Parcel ID:*	<u>84-L-283</u>
Size of Parcel:	1.84 acres
Size of Building:	+/- 93,671 square feet of gross building area
District Zoning:	RM-H, Multi-Unit Residential, High Density
Appraised Value:	\$1,860,000 as-of May 15, 2015

^{*}The URA obtains property and parcel identification (Parcel ID) information from the deed and certified appraisal for the property. Some information referenced in this RFP for the parcel differs from that listed on the Allegheny County Property Assessments homepage. The Parcel IDs are hyperlinked to the Allegheny County Property Assessments page for this property.

The Pittsburgh – Hunt Armory, built circa 1911-1919, exemplifies Classical Revival architecture enhanced by its scale. It was last utilized as an armory in 2013 when it was closed by the Pennsylvania Department of General Services and the Department of Military and Veterans Affairs. In its 'heyday' it functioned both as an armory and also hosted Pittsburgh's largest indoor events prior to the construction of the Civic Arena in 1961. The Site was a go-to destination for a wide range of cultural and social events, including presidential speeches from both Harry S. Truman and Dwight D. Eisenhower, indoor polo matches, and concerts, one of which featured the rock group Led Zeppelin in the late 1960s.

The sizable multi-tiered structure occupies most of the associated parcel. It is important to note that there is no on-site parking. However, the building's main floor has an open floor plate and heavy foundation structure that allowed for military fleet storage in the past. Therefore, interior indoor parking may be considered as part of a comprehensive parking program for the building's redevelopment.

The condition of the building is average to below average. It is considered to be a 'shell' building that will require considerable renovation. Approximately 10 years ago, the gymnasium portion of the structure was damaged by fire. See "Exhibit A" - Integra Realty Resources Appraisal of Real Property dated May 15, 2015 for a comprehensive overview of the structure's historical relevance, floor plans and current condition.

The Site is situated along Emerson Street, a public right-of-way that accommodates public travel on the relatively quiet street. The site is in the Multi-Unit Residential, High Density (RM-H) zoning district. Detailed use regulations and site development standards can be found in the City of Pittsburgh Code of Ordinances by clicking here. Proposed uses that are not permitted within this zoning district may require a zoning change. The City and URA will provide support and work with the Redeveloper to change the zoning, if required.

RFP Timeline

RFP Issue Date	May 4, 2017
Pre-proposal Conference*	May 15, 2017 from 10:00 AM to Noon ET

Second Pre-proposal Conference*	May 22, 2017 from 10:00 AM to Noon ET		
Proposal Due Date	Friday, June 30, 2017 at Noon ET		
Proposal Evaluation Period	July 3, 2017 through July 10, 2017		
Interviews with Potential Redevelopers July 11, 2017 through July 14, 2017			

^{*} Interested Redevelopers should plan to attend the pre-proposal conferences, as private appointments will not be scheduled. The meeting location for the pre-proposal conferences will be at 324 Emerson Street. Representatives from the URA, City, and Penguins will be available. Please RSVP your attendance to Claren Healey, chealey@ura.org.

Neighborhood Market Conditions

Shadyside has historically been Pittsburgh's strongest residential real estate market. Located in the heart of Pittsburgh's East End, Shadyside is a popular neighborhood for both residents and visitors alike. The third most populated City neighborhood, behind Brookline and Squirrel Hill South, this quiet, stable, close-knit, residential community is evolving into a popular choice for first-time buyers and renters, along with a considerable older student population who attend nearby Carnegie Mellon University, University of Pittsburgh, and UPMC's medical complex. Well maintained older homes, including Victorian mansions, are mixed with newer homes throughout the residential streets. Shadyside offers urban living with a suburban feel, which is characterized by modest lawns, garages, and green space.

Shadyside has a substantial amount of small businesses, with prominent high-end stores, some of which are located on Walnut Street, Highland Avenue, Centre Avenue, and Ellsworth Avenue. The neighborhood's flat terrain, accessible public transportation, and great amenities make Shadyside one of Pittsburgh's most walkable neighborhoods. In addition to its many longtime residents, Shadyside is quite popular with students from the many nearby universities. Shadyside is less than two square miles in area.

A mix of small and large scale commerce has made the nearby East Liberty neighborhood the central shopping destination for the East End ("Exhibit B"), which is anchored by major retailers such as Home Depot, Target, Trader Joe's, and Whole Foods. Numerous independent shops and restaurants are also located throughout the district serving both the neighborhood and specialty market. These small businesses have preserved the historic character of the district through renovation of the retail spaces, and their many storefronts enhance the pedestrian experience throughout the district.

In addition, transit-oriented redevelopment of the nearby East Liberty Station is taking full advantage of the Martin Luther King, Jr. East Busway. Through private and public partnerships, East Liberty station has been transformed into a new mixed-use transit center. This multi-modal transit hub reconfigured the existing station to provide better access to transit, decreased road congestion, additional economic growth, and bridged two business and residential communities. The center includes 54,000 square feet of retail, more than 350 apartment units, and a new 550-space parking garage.

The neighborhood has also capitalized on its proximity to Oakland and its university- and medicalservice market. In response to Oakland's saturated office market the recent Bakery Square Development included office space for Google, UPMC, Autodesk, and the University of Pittsburgh. Due to this success, Bakery Square 2.0 is currently underway and will include up to 450,000 square feet of office, 350 apartments, and 57 townhomes when complete. The Larimer Pedestrian Bridge is in the planning phase in the proximate Larimer neighborhood, further increasing mobility options for the site. Startup and spinoff companies continue to desire new office space, and the neighborhood is in a unique position to accommodate this growth and benefit from it.

Recently completed commercial development projects include:

- East Side Whole Foods, PNC branch, Walgreen's, Trek Bicycles;
- Village of East Side Trader Joe's, Club One Fitness, Staples;
- Target;
- Numerous independent shops and restaurants including, but not limited to, Dinette, Noodlehead, Urban Tap, BRGR, Spoon, and Paris 66;
- Coworking office space, including Ascender, the Beauty Shoppe, and Cube Creative Space;
- Bakery Square offices for Google, UPMC and University of Pittsburgh, Autodesk, Urban Active Fitness, Marriott Springhill Suites; and
- Highland/Wallace 10,000 square feet of retail.
- Hotel Indigo 128 rooms, 4,000 square feet of retail;
- Ace Hotel 65 rooms;
- East Liberty Transit Oriented Development 54,000 square feet of retail;
- The Penn at Walnut on Highland 16,000 square feet of retail;
- 5900 Penn Avenue 23,000 square feet of retail and offices for Duolingo;
- Mansions on Fifth 22-room bed and breakfast;
- East Liberty Place South and North Retail; and
- Bakery Square 2.0 250,000 square feet of office.

This commercial revitalization is in part due to the significant residential growth in the last decade. Recently completed residential projects include:

- Fairfield Apartments 195 units of mixed-income housing;
- Penn Manor 55 units of mixed-income rental housing;
- Negley Neighbors 41 units of rental housing;
- Historic Enclave For-Sale Housing Development 48 units of new and rehabbed for-sale homeownership units scattered throughout the East Liberty/Highland Park corridor;
- Boulevard Apartments 14 units of rental housing:
- East Liberty Place North 54 units of mixed-income rental housing;
- East Liberty Place South 52 units of mixed-income rental housing;
- The Highland Building 127 apartments;
- The Penn at Walnut on Highland 78 units of apartments;
- Bakery Square 2.0 350 apartments;
- East Liberty Bond 350 market-rate residential units; and
- Larimer Choice Neighborhoods Phase I 85 units of mixed-income rental housing.

In addition to these housing developments several more are underway, including:

- Bakery Square 2.0 57 townhomes; and
- Larimer Choice Neighborhoods Phase II & III 249 units of mixed-income rental housing.

Shadyside is part of the PGHSNAP Sector 12: Upper East End. To access the PGHSNAP data for this sector, click here.

Click <u>here</u> to view the latest residential market value data for the Shadyside neighborhood and all neighborhoods within the City of Pittsburgh.

Emerson Street intersects with two of Shadyside's well known business districts - Ellsworth Avenue and Walnut Street.

To view the 2016 Shadyside – Ellsworth Avenue Commercial District Market Profile click <u>here</u>. To view the 2016 Shadyside – Walnut Street Commercial District Market Profile click <u>here</u>.

Community Outreach and Prevailing Concerns

Despite its size, the Site has long co-existed as a quiet complement to the surrounding densely-knit residential community, which includes Sacred Heart Parish along Emerson Avenue and its associated school (preschool – 8th grade) with an enrollment of approximately 410 students. At the northwest corner of the Site, DePaul School for Hearing and Speech (18 months - 8th grade) has an enrollment of approximately 70 students. Calvary Episcopal Church and McCabe Brothers Funeral Home are also notable landmarks that are located in the vicinity of the Site.

Redevelopers should address the following community concerns in their response to the RFP:

- Describe safe traffic circulation surrounding the property in light of the current uses including the nearby schools;
- Describe your approach to parking in detail; include how you propose to address parking inside
 the building and how you will work to mitigate and provide off-site parking by users and visitors
 of the Site if needed;
- Describe how your proposed development will work with the City and surrounding community to mitigate excessive noise both during construction and operations; and
- Describe your hours of operation and plans for providing community access to the property on a periodic or ongoing basis. Examples might include providing community meeting space public skating hours, hockey league time, and/or a routine of public events and programs. The provision of ongoing public access in a portion of the building is strongly encouraged.

Though residential reuse for the Site is not precluded, a vocal component of the community expressed the desire for a non-residential use for the Site during an initial RFP process in 2015. If applicable, Redevelopers should be prepared to address these concerns.

The community group that represents Shadyside is the Shadyside Action Coalition (SAC). It is a volunteer-based organization of homeowners and renters who have an interest in maintaining and improving the quality of life in the Shadyside neighborhood. To learn more about SAC, click here.

Interested Redevelopers are encouraged to meet with SAC prior to submitting a proposal package to discuss how their proposed project relates to SAC's vision for the community. A group of community

stakeholders will also be convened to review incoming proposals to advise the URA on proposers' compatibility with community goals.

II. PROPOSAL REQUIREMENTS

Proposals should demonstrate the capacity and creativity of the Redeveloper to transform the property by following high development standards and presenting the best economically viable project(s) for the City. It is pertinent that all federal, state, and local historic guidelines are incorporated into the preservation of the building's façade. The Redeveloper will be required to coordinate design and construction with the URA to ensure that the proposed renovation complements the neighborhood's and City's revitalization goals.

Additionally, since the Site is situated within Phase II of the East Liberty Transit Revitalization Investment District (TRID), a portion of the property tax increment generated by improvements to the Site may be allocated to improvements, affordable housing, and public infrastructure in the TRID. As such, taxable proposals will be prohibited from seeking abatements for property taxes, though the URA reserves the right to recommend a waiver on this requirement for public purpose uses.

All responses must include the RFP Summary Page, which can be found at the end of this document, as the cover page of the proposal package.

The proposal should be tabbed based on the following Proposal Requirements outline. Proposals should not exceed 15 double-sided pages – a maximum of 50 double-sided pages with Exhibits. The Redeveloper should submit eight (8) hard copies printed to double sides with one (1) electronic copy in PDF format on a CD or flash drive. One (1) copy of Redeveloper's Financial Statement should be submitted in a separate sealed envelope and is returnable upon request. Please ensure that your exhibits and attachments are pertinent and responsive directly to the requirements of the RFP. Succinct or shorter proposals that are complete will be welcomed.

The Redeveloper's entire proposal package and a \$500.00 application fee made payable to URA of Pittsburgh should be sent to:

Claren Healey, Development Officer Urban Redevelopment Authority of Pittsburgh 200 Ross Street, 10th Floor Pittsburgh, PA 15219

ALL RESPONSES MUST BE RECEIVED BY THE PROPOSAL DUE DATE AND TIME STATED IN THE RFP TIMELINE. Late submittals will not be reviewed. One half of the \$500.00 application fee shall be refunded upon request by the Redeveloper, if the proposal is not selected.

The following Proposal Requirements will serve to establish a Redeveloper's overall capacity to complete this project.

1. RFP Summary Page

- 2. Project Narrative Please be brief and to the point.
 - a.) Project Description specific building program, including a square footage or unit breakdown for each use
 - b.) Parking parking required by district zoning in relation to the parking necessary to meet the project demands
 - c.) Community engagement plan general approach and how the project addresses concerns outlined by the community, including plans for ongoing public access to some or all of the Site
 - d.) Economic and community impacts estimated tax generation, job creation, tourism or other factors that can be measured
 - e.) Sustainability goals performance measures or industry standards that will be used to assess the sustainability of the project
 - f.) Minority- and Women-Owned Business Enterprise plan strategy to maximize MWBE participation and projected goals (See "Exhibit C")
 - g.) Ownership entity (single owner, partnership, LLC) ability to finance the costs
 associated with project including previous experience in attracting equity investors and
 fundraising
 - h.) Development entity project management plan and role of each development partner in the implementation of the development plan
 - i.) Partnership description a description of the participation and commitment requested of project partners
- 3. Schematic Drawings of the Proposed Project (Exhibits)
 - a.) Site plan
 - b.) Elevations
 - c.) Phased plan, if applicable, with first phase clearly identified
- 4. Budgets (Exhibits)
 - a.) Financing sources with any funding gaps identified
 - b.) Detailed project budget that clearly indicates public and private costs, Redeveloper's purchase price offer, and projected hard and soft costs
 - c.) Stabilized operating pro forma containing all anticipated operational and maintenance costs and clearly indicating public and private costs and revenue
 - d.) Phased sources and uses, if applicable, with first phase clearly identified
 - e.) Completion of attached Project Sources and Uses of Funds Template ("Exhibit D")
- 5. Proposed Development Timeline (from the time the property is awarded) (Exhibits)
 - a.) Schedule that identifies the duration of key tasks (i.e. due diligence, conceptual design, design development, rezoning (if applicable), permitting, final design, contract award, construction, etc.) and indicates major milestones
 - b.) Phased development timeline, if applicable, with first phase clearly identified
- 6. Financial Capacity (Exhibits)
 - a.) Description of ability to finance the costs associated with project (with or without historic tax credits)

- b.) Joint venture, general, or limited partners, and percentage of interest
- c.) Statement of Equity Contribution with source identified
- d.) Letters of Interest or references from lending institutions, if applicable
- e.) Letters of Interest from potential tenants, if applicable
- f.) Explanation of Redeveloper's experience with tax credits and other leveraged financing and how they will be used as part of this project; Include an estimate of any public financing for building or site related improvements, you intend to seek
- g.) Redeveloper's financial statements (under separate cover)
- 7. Relevant Development Experience (Exhibits)
 - a.) Resumes or biographies of the proposed development team
 - b.) Fact sheets for similar projects (images, date, location, concept, funding sources, current vacancy rates)
 - c.) Press clippings that include project narratives to describe previous work

III. SELECTION PROCESS

The URA's intention is to enter into an exclusive negotiation period with the selected Redeveloper. The exclusive negotiation period will provide the Redeveloper sufficient time to complete due diligence activities necessary to define a scope of work and schedule that will ultimately become part of a formal Disposition Proposal and Contract.

A Redeveloper may be selected based on, but not limited to, the following criteria:

- 1. Experience completing similar redevelopment projects in an urban neighborhood;
- 2. Capacity to attract and secure financing, with a minimum amount of public subsidy;
- 3. Ability to assemble a team with the appropriate specialties;
- 4. Appropriateness of proposed plan with RFP goals and scale of development;
- 5. Experience with community engagement and compatibility of plan with neighborhood goals:
- 6. Commitment to sustainable design standards;
- 7. Commitment to Minority- and Women-Owned Business Enterprise participation;
- 8. Letters of interest from banks and/or potential tenants; and
- 9. Offer on subject property.

The Redeveloper is responsible for designing a project that meets the zoning regulations and building codes adopted by the City and is otherwise compliant with the law. Proposed uses that are not permitted within the current RM-H, Multi-Unit Residential, High Density zoning district may require a zoning change. The URA and City will provide support and work with the Redeveloper for the desired zoning change.

A Redeveloper will be recommended to the URA Board based on the overall quality of the proposed project. The evaluation of the Redeveloper's qualifications, experience and capacity will be based upon information submitted in the proposal and presented during the interview by the Redeveloper.

The URA reserves the right to verify the accuracy of all information submitted. After the URA has completed its evaluation of the submittals, a Redeveloper who is placed on the short-list may be asked to interview with the URA. However, a short-listed proposal may be accepted without the need for an interview. If an interview is deemed necessary, the Redeveloper will be provided with a time that is determined by the URA.

IV. DISPOSITION PROCESS OVERVIEW

The URA is required to obtain the Commonwealth of Pennsylvania's review and written approval prior to the URA executing an Agreement of Sale and/or Disposition Contract with the selected Redeveloper relative to the Site. The URA sells its property through a disposition process rather than a standard sales agreement. The disposition process is based on the declarations within the Urban Redevelopment Law 35 P.S §§ 1701 et. seq.). The Redeveloper must enter into a Disposition Contract (i.e. Redevelopment Contract) with the URA. The Disposition Contract is the binding document that details the Redeveloper's plan to design, finance, purchase, and construct the redevelopment project. Taxes, liability insurance, Site security, and all aspects of owning and redeveloping the Site shall be the full responsibility of the Redeveloper at the time of sale, as specified in the Disposition Contract.

As part of the process, the URA will review the Opinion of Probable Cost and project drawings against the evidence of financing to determine if the information presented is reasonable and corresponds to a fully realized project. The URA will not close on any property until all the terms of the disposition process are fulfilled. Click here to access the Disposition Process.

The URA Board must approve any and all redevelopers who purchase URA property. Upon URA Board approval, the Redeveloper's purchase of the Site will occur after execution of the Disposition Contract, approval of the final construction documents, and issuance of a building permit. The purchase of the Site will occur simultaneously with the closing on the Redeveloper's construction financing.

V. LEGAL INFORMATION

The URA shall have the right to verify the accuracy of all information submitted and to make such investigation as it deems necessary to determine the ability of a respondent(s) to perform the obligations in the response. The URA in its discretion reserves the right to reject any response when the available evidence or information does not satisfy the URA that the respondent(s) is qualified to carry out properly the obligations of the response; is a person or firm of good reputation or character for strict, complete and faithful performance of business obligations; or if the respondent(s) refuses to cooperate with and assist URA in the making of such investigation.

1. Inspection of Parcel: Respondents shall be given an opportunity to inspect the Site and the title to the Site, among other things. If the respondent is selected and elects to proceed after exercising its due diligence, it shall acquire or take possession of the Site in "AS-IS" CONDITION, unless otherwise agreed to by the URA in its discretion, in a disposition contract.

- 2. Building Permits, Zoning Variances and Financial Viability: The sale of the Site in no way guarantees or warrants grading permits, building permits, zoning variances or financial viability. The URA reserves the right to refuse to sell the Site until a redeveloper is able to obtain all necessary permits.
- 3. Disclaimer of Liability: Respondents acknowledge by submitting information and proposals to the URA that the URA does not undertake any obligations, and shall have no liability with respect to the development program, this RFP, and responses thereto, nor with respect to any matters related to any submission by a respondent.
- 4. Minority- and Women-Owned Business Enterprises (MWBE) Requirements: The selected respondent will be required to demonstrate a good faith effort to obtain minority- and women-owned business participation in the project. The City's goal is 18 percent minority and 7 percent female participation in predevelopment activities such as design or legal, as well as construction contracts and purchases. The successful applicant will be required to submit an MWBE plan as part of the project approval process. See "Exhibit C" for MWBE Plan Spreadsheet.
- 5. Sustainability Requirements: The selected respondent will be required to demonstrate a good faith effort to incorporate environmentally sustainable features and practices into their development plan. The successful developer will be required to submit a sustainability plan as part of the project approval process for review by the Green Building Alliance.
- 6. The respondent, for itself and its employees, contractors, and primary subcontractors, agrees not to discriminate against or segregate any person or group of persons on any unlawful basis in the construction, sale, transfer, use, occupancy, tenure or enjoyment of the property or any improvements erected or to be erected thereon, or any part thereof.
- 7. The URA reserves the right to accept an offer or proposal other than the highest offer.
- 8. The URA reserves the right to negotiate with any, all, or none of the respondents and to recommend another respondent in the event that the originally selected respondent defaults or fails to execute a disposition contract.
- 9. The URA shall be the sole judge as to which, if any, proposals and respondents best meet the selection criteria. Notwithstanding anything in this RFP to the contrary, URA reserves the right to reject any or all proposals received, to waive any submission requirements contained within this RFP, and to waive any irregularities in any submitted proposal.
- 10. This RFP is submitted subject to errors, omissions, and/or withdrawal without notice by the URA at any time.
- 11. The respondent is encouraged to confer with the URA prior to submitting their response. All proposals, including attachments, supplementary materials, addenda, etc. shall become the property of the URA and will not be returned.

12. Addenda will be posted on the URA website and distributed via the Developer Mailing List. All such addenda shall become part of the RFP documents and all respondents shall be bound by such addenda, whether or not received by the respondents.

VI. EXHIBITS

- A. Complete Appraisal
- B. Map of Hunt Armory & Surrounding Community
- C. MWBE Policy/Plan
- D. Project Sources and Uses of Funds Template
- E. Schematic Drawing Basement Floor Plan
- F. Schematic Drawing First Floor Plan
- G. Schematic Drawing Second Floor Plan

RFP SUMMARY PAGE FOLLOWS

RFP SUMMARY PAGE THE HUNT ARMORY AT 324 EMERSON STREET

Development Team			
Ownership Entity			
Primary Contact			
Address			
Phone			
E-mail			
Is lead Developer a certified MBE or WBE?			
Partner			
Architect			
Contractor			
Consultant(s)			
Is any of the development team based in Pittsburgh?			
Is any of the development team based in Pennsylvania?			
Is any of the development team a certified MBE/WBE?			
RFP Summary			
Acquisition Offer			
Total Estimated Project Cost			
Developer Equity			
Total Estimated Project Gap			
Complete all fields that apply.			
Total Residential Units			
Total Retail Square Footage			
Total Office Square Footage			
Other (please specify)			
Other (please specify)			
Other (please specify)			
Project Timeline			
Construction Start			
Construction Duration			

To obtain an excel version of the RFP Summary Page, email chealey@ura.org.